

Indiana Automotive Industry Report 2002



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Indiana has a long relationship with the automobile. In 1894 – two years before Henry Ford finished constructing his first automobile – Elwood Haynes debuted the first properly tested, clutch-driven automobiles near Kokomo, Indiana. That first test-drive hit top speeds of six miles per hour. Things move a little faster these days, as a visit to the Indianapolis Motor Speedway will attest. But some things remain the same, including Indiana's commitment to the industry.

With aggressive economic development programs, extensive workforce training opportunities, and a commitment to technology, Indiana is a perfect fit for automotive companies. That's why auto companies – producers, suppliers, international companies and domestic giants – continue to choose Indiana as a place to grow and locate their ventures.

This report provides an overview of the current state of Indiana's auto industry and documents the natural advantages and economic development programs that have helped it grow. For more than a century, the auto industry has helped fuel Indiana's economy, and Indiana is committed to fueling industry growth. In Indiana, we combine respect for tradition with the drive to always break new ground; that's why we're in a state of progress.

Fast Facts About Indiana

- Because of the state's excellent highway system, 65% of the nation's markets can be reached from Indiana in a single day by truck. More than \$700 billion of goods are shipped on Indiana's interstate system each year.
- Indiana has one of the highest concentrations of rail service routes in the United States, with more than 3,250 miles of Class I railway carrying more than 5 million tons of freight annually.
- Indiana is home to the only deepwater port built specifically for St. Lawrence Seaway traffic. The state also has two other full-service ports on the Ohio River that access the Gulf of Mexico.
- According to the U.S. Department of Energy, Indiana ranks eighth in the nation for lowest electricity costs: The average cost of electricity in Indiana was 21% lower than the national average in 1999.
- Indiana has the sixth-lowest overall employment costs in the nation (*Expansion Management* magazine, March 2001).
- According to the National Association of Home Builders, housing in Indianapolis is more affordable than in any other major U.S. metropolitan area, and Kokomo has the most affordable housing market overall.
- According to a recent Japan External Trade Organization (JETRO) survey, Indiana is third in the nation among states with the largest number of Japanese-affiliated plants. Japanese companies have invested approximately \$10 billion in Indiana, making Japan the largest single source of foreign direct investment in the state.
- In 2000, Indiana exported more than \$16 billion in goods to the world – an all-time high.
- The average poverty rate in Indiana from 1997 to 1999 was the 3rd lowest in the nation.

Recent Growth in Indiana's Auto Industry

Even during one of the most challenging economies in years, Indiana's auto industry has continued to grow. Many companies with operations in Indiana have announced expansions, while automotive suppliers new to the state have opened facilities here in order to better serve their customers. Following are just some of the recent announcements from the auto industry.

December 4, 2001

ArvinMeritor, Inc., a premier global supplier of a broad range of integrated systems, modules and components to the transportation industry, held a ceremonial ground breaking to celebrate the construction of an information technology center in Columbus, Indiana. The 48,000-square-foot facility, which will house nearly 100 employees initially, will be a major hub in the company's network of worldwide information technology capabilities that includes sites in Europe, South America and Troy, Michigan. The center represents an \$8.5 million investment for ArvinMeritor.

Our business strategy and our continued strong commitment to Columbus and Indiana drove this decision, said Larry Yost, ArvinMeritor chairman and CEO. We look forward to working with the community and the state on this exciting project.

November 6, 2001

FIC America Corp. broke ground on a new \$10 million manufacturing facility in Vincennes. A division of Japan-based Futaba, FIC America Corp. will construct a 125,000-square-foot plant, creating 70 new jobs by 2003. The plant will manufacture internal doorframes for Toyota Motor Manufacturing Indiana in Princeton.

"FIC America's decision to locate in Knox County is another major win for southwestern Indiana," said Lt. Governor Joe Kernan. "Indiana is fortunate to have a strong automotive industry that lures other parts and supply companies like this one to our state."

October 26, 2001

Aisin Brake and Chassis, Inc. became the newest member of Indiana's automotive cluster, breaking ground in Terre Haute on a new \$25 million, 151,000-square-foot brake components factory that will create 180 new jobs by 2005. Owned by Japan-based Aisin-Seiki Co., Aisin Brake and Chassis, Inc. will manufacture brake components for Toyota's Princeton, Indiana assembly plant.

Archie Kappel, director of Aisin Brake, says the company visited more than 70 sites in several states, including Georgia, Tennessee, Kentucky and Illinois, before deciding where to locate this facility. "After long and careful consideration, it became apparent that Vigo County and the state of Indiana were once again the preferable area of the country in which to continue doing business," Kappel said.

September 10, 2001

Guardian Automotive Products, Inc. in Evansville, Indiana announced plans to expand by making a \$23.8 million capital investment in building renovations and new equipment. The Indiana Department of Commerce awarded the company a grant to train 100 new and 495 existing employees during the expansion. The plant manufactures automotive trim parts such as rocker panels and chrome-plated grilles.

"At Guardian Automotive, our goal is to continuously create greater value for our customers, employees and shareholders," said Chriss Handy, manager of Human Resources. "This grant will help immensely as we continue to grow our business and meet the needs of our customers."

September 5, 2001

Heritage Products, Inc. in Crawfordsville, Indiana announced an \$8 million expansion project and received a grant from the Indiana Department of Commerce to train the company's 282 current employees. Heritage provides metal stampings, welding and assemblies for the automotive industry. The company's parent company, Hiruta Kogyo, is headquartered in Japan.

"Heritage is demonstrating its commitment to Crawfordsville through this capital investment," said Lt. Governor Joe Kernan. "We are pleased to reward that commitment and to help ensure Heritage's continued success by supporting its training plans."

August 22, 2001

Heartland Automotive LLC in Greencastle, a supplier to Subaru-Isuzu Automotive, Inc., made the decision to expand its current facility, retaining 378 current workers and adding 215 new positions by 2003. Heartland manufactures interior trim, door panels, headliners and dashboards.

"Heartland Automotive is a major player in Greencastle," said Lt. Governor Joe Kernan. "This expansion is important for both the company and the community, and we're excited to support this project which will create more good jobs for Hoosiers."

August 13, 2001

GM Powertrain-Bedford announced plans to invest \$18 million in new equipment and received an Indiana Department of Commerce grant to retrain its 1,061 current employees. Owned by General Motors Corp., the Lawrence County plant produces various castings, cylinder blocks for aluminum transmission cases, engine blocks, channel plates and pistons for GM products. The company will purchase equipment to enhance process technology and improve productivity.

"On behalf of the Bedford plant, I would like to sincerely thank the Indiana Department of Commerce for this grant and congratulate them for designing programs to retain existing businesses in addition to attracting new businesses to the state," said John Thomas, GM Powertrain-Bedford plant manager.

June 7, 2001

Guardian Automotive Products, Inc. in Ligonier, Indiana received an Indiana Department of Commerce grant to train 10 new and 610 existing employees following a \$500,000 investment in new equipment. The Ligonier plant manufactures front, side and rear windows for a variety of automobile companies. Employees will be trained in new processes and procedures following the installation of a new laminated mini-cut assembly line.

"At Guardian Industries our philosophy is that a company, like people, should grow a bit each year in vision, in performance, and in accomplishments," said Mike Corner, training coordinator, Guardian Automotive. "Obviously training will play a major role in allowing us to grow as individuals and as a company. Our people are our most valuable asset."

April 18, 2001

Vuteq broke ground for a new \$10 million facility in Princeton, Indiana on the grounds of the Toyota Motor Manufacturing Indiana (TMMI) plant. The company will be engaged in sub-assembly and sequential delivery services to TMMI. The new facility will be in production in 2002. Vuteq plans to hire 110 full-time workers by 2003.

Big Deals in Indiana's Automotive Industry

Much of the continuing growth in Indiana's auto industry radiates from the strength of several key players that have recently expanded their Indiana facilities by introducing new product lines, adding workers, and investing in equipment and workforce training. Following is a brief look at the recent investments of three of those key players: AM General Corp. in Mishawaka; Subaru-Isuzu Automotive, Inc. in Lafayette; and Toyota Motor Manufacturing Indiana in Princeton.

AM General Corp.

In 1999, AM General Corp. and General Motors agreed to produce, market and distribute derivatives of the Hummer four-wheel-drive vehicle for the consumer market. AM General, which handles vehicle production, opened a new facility in north-central Indiana that will create approximately 1,500 jobs and a capital investment of \$200 million.

AM General will produce about 20,000 of its new Hummer H2 sport-utility vehicles in 2002. The 2003 model will be available to the public in July 2002.

Subaru-Isuzu Automotive, Inc.

In 2000, Subaru-Isuzu Automotive (SIA) in Lafayette, Indiana announced that it would add about 255 jobs and invest \$167 million during the creation of a new engine assembly plant, which will become operational in 2002. SIA chose to expand in Indiana rather than locate the new facility in either of two competing states.

In October 2001, SIA celebrated a milestone: the production of its one millionth Isuzu vehicle. In 2002, in addition to bringing the new engine assembly plant online, the company will also start production of a new model vehicle based on the Subaru ST-X concept vehicle.

Toyota Motor Manufacturing Indiana

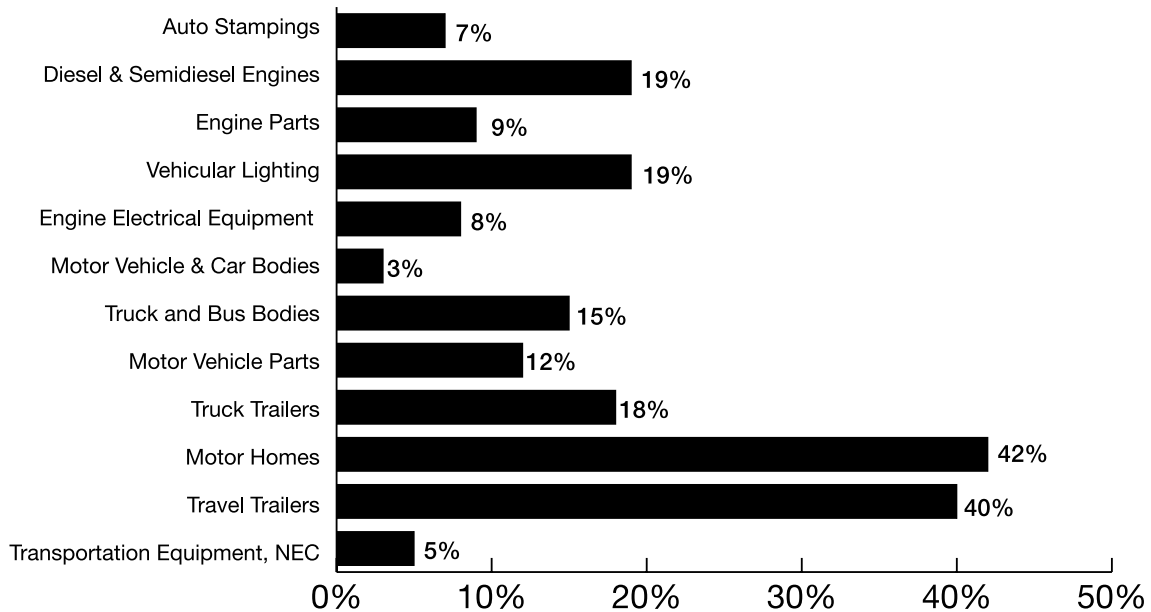
In 1999, Toyota Motor Manufacturing Indiana (TMMI) announced that it would expand its vehicle assembly plant in Princeton, Indiana, bringing an additional 2,000 jobs and \$800 million in investment to the state. The announcement marked the third time in four years that TMMI announced plans to expand.

TMMI plans to hire 1,700 workers in 2002, bringing the facility's total workforce up to 4,300. The plant, which currently produces the Tundra pickup truck and the Sequoia sport-utility vehicle, will begin producing the Sienna minivan in January 2003. When the expansion is finished, TMMI will produce about 300,000 vehicles annually. The expansion will bring TMMI's total investment to \$2 billion.

Indiana: A National Leader in the Motor Vehicle and Related Products Industry

Indiana's Motor Vehicle and Related Products Industry is one of the nation's largest. Our state ranks third or higher in almost every category in this industry. As the following chart shows, Indiana Motor Vehicle and Related Products employment represents a significant segment of national employment.

Indiana's Share of Total U.S. Employment in the Auto Industry, 2000



Many segments of Indiana's Motor Vehicle and Related Products industry have grown significantly in recent years. Since 1997, the state's Motor Vehicles Parts employment grew 6%, more than the national rate of 1%. Motor Vehicle & Car Bodies employment grew at a faster rate than for any state with employment 6,000 or greater. With further growth at Toyota Motor Manufacturing Indiana in progress, this trend will continue.

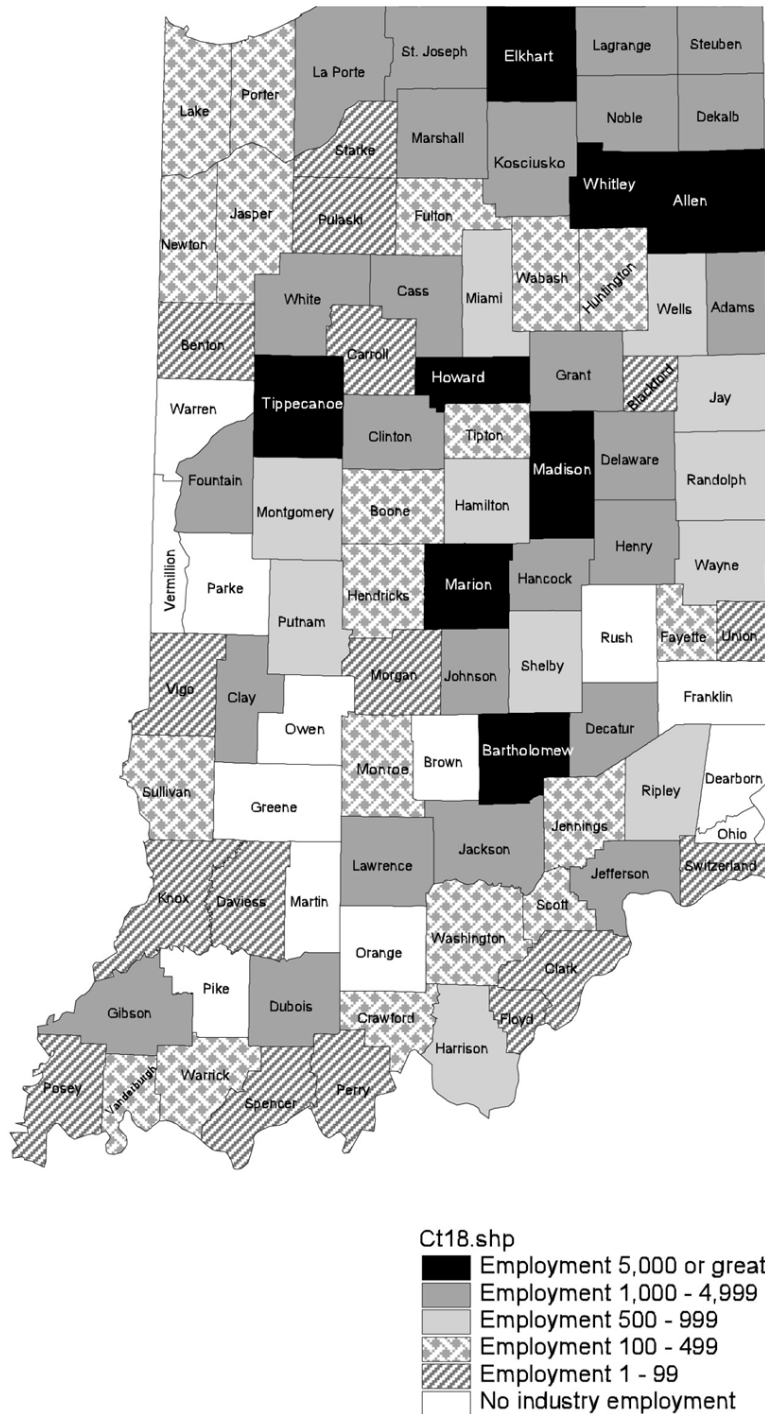
Did You Know?

The "Big Three" automakers have been striving to make vehicles with more recycled and recyclable materials. Many parts found in today's vehicles are derived from recycled tires, plastic and metal. Indiana's Recycling Market Development Program can help manufacturers of recycled products meet the strict standards of the auto industry (<http://www.commercerecycles.in.gov/>).

A Location for Everyone: Industry Distribution

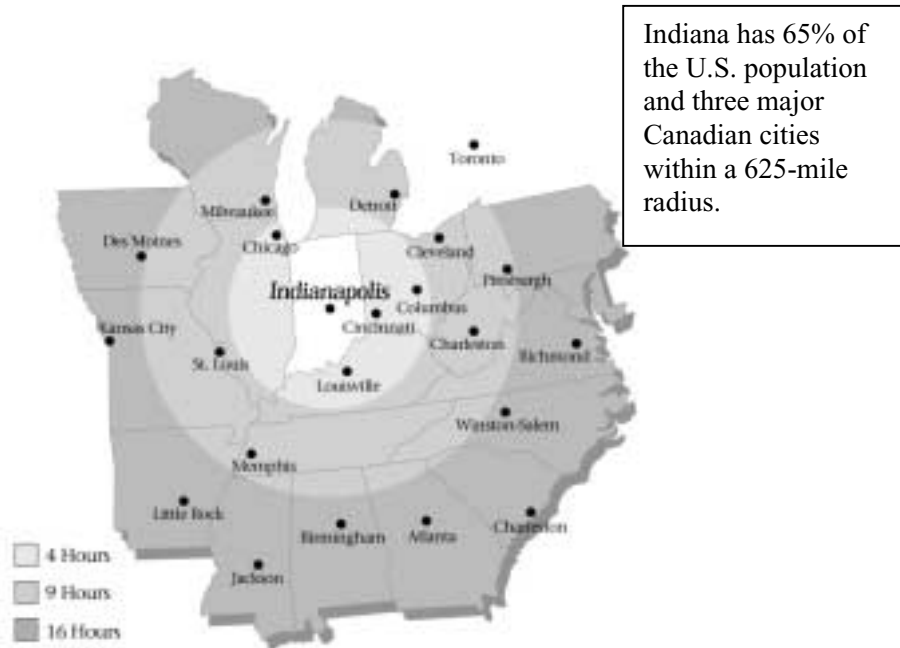
Of Indiana's 92 counties, at least 79 have one or more facilities directly related to the automotive industry. Of those, 63 have auto industry employment greater than 100; 32 have employment greater than 1,000; and 6 have employment greater than 5,000.

Thanks to the state's extensive highway system, which makes travel easy, Indiana's auto industry facilities are located in a variety of locales – from small towns in fairly rural areas to the state's most populous cities.



Indiana's Infrastructure Advantage

Indiana has long been referred to as the "Crossroads of America." The state's well-developed transportation system makes it easy to reach major markets. From Indiana, 65% of the nation's markets can be reached in a single day by truck and two days by rail. Indiana's ports also provide easy access to international markets.

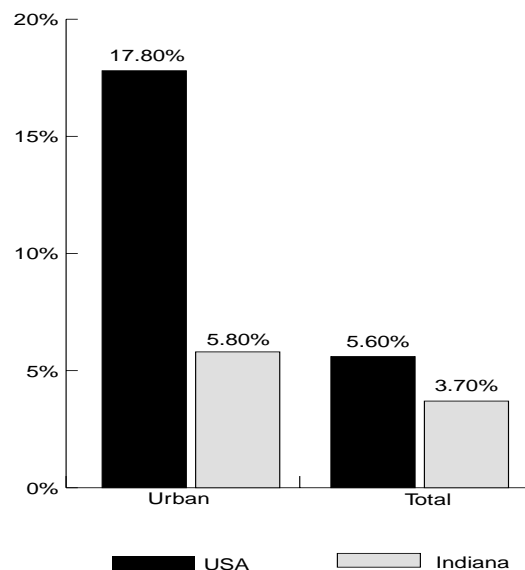


Quality Highways

Indiana's infrastructure system is the backbone of the state's economy. Indiana offers more than 1,170 miles on eight different interstate highways in all regions of the state, plus an additional 1,850 miles of other multi-lane highways.

However, the number of highway miles is of limited value unless they also provide rapid and dependable service. Federal highway statistics clearly show the quality of the Indiana interstate highway system.

Percent of Interstate Highways with Congested or Nearly Congested Peak Periods



Railroads

Indiana has one of the highest concentrations of rail service routes in the country. Mainline service is found throughout the state, and 90 of the state's 92 counties are served by at least one carrier. Indiana has more than 4,700 miles of mainline railroads with service by five Class I and three Class II carriers. An additional 36 Class III carriers offer service over 1,100 miles of track. (Rail mileage figures exclude sidings, yards, etc.) Several major intermodal facilities can be found in the state, and all classes of carriers are working to further expand these shipping services.

Airports

Indiana has five major airports with at least one runway measuring 7,100 feet or greater and capable of handling all types of the largest cargo-carrying aircraft: Evansville Regional, Fort Wayne International, Terre Haute International, Indianapolis International and Michiana Regional Transportation Center (South Bend). The state also has 10 additional airports with runways at least 5,500 feet long and Instrument Landing Systems (ILS) capable of providing regular commercial freight service. These airports are regionally located throughout the state, offering easy access to all locations in Indiana. There are also 20 other airports with at least one 4,300-foot runway for handling smaller commercial aircraft. Most of these airports have some type of instrument landing system, and several employ ILS.

Ports

Indiana's International Port/Burns Harbor at Portage is located on Lake Michigan just 18 miles east of Chicago. This is the only deep-water port built specifically for St. Lawrence Seaway traffic. The International Port also has a "RORO" (roll on-roll off) berth and a special cargo heavy-lift berth that adds further support to shippers.

Indiana's two other full-service ports are on the Ohio River: Southwind Maritime Centre in Mount Vernon (in southwest Indiana) and Clark Maritime Centre in Jeffersonville (southeast Indiana). Clark is the newest and most advanced port on the Inland Waterway System, offering lift capabilities of up to 450 tons. All three public ports are Foreign Trade Zones, have excellent intermodal connections (highway, rail and water) and boast an exceptional labor force.



Did you know?

The world's leading air cargo and package services operate major facilities in Indiana, including Federal Express, the U.S. Postal Service, American International Freightways and Towne Air Freight.

Indiana's Strategic Market Position

It is hard to find a better location for the Motor Vehicle and Related Products Industry than Indiana. Located in the center of the nation's industrial heartland, Indiana provides motor vehicle and related products producers with an ideal location for access to both suppliers and customers.

Primary Material Suppliers

Primary - Basic Metals: Whether you need steel from one of the Gary region's steel mills, a new mini-mill, or an aluminum refiner, you can find the right materials in Indiana. The state's numerous foundries also produce all manner of castings and forging, and many shops specialize in producing components used in the motor vehicle industry.

Electronic Components: Indiana is one of the nation's leading producers of electrical and electronic products. Many of these manufacturers produce and frequently specialize in parts used in motor vehicles and components such as resistors, coils and transformers. More than 41% of all engine-related electrical output is produced in Indiana and adjacent states.

Plastic Products: More than half of plastic production can be found in Indiana and its surrounding states. Much of this production is geared to meeting the needs of the transportation industry. Indiana's growing plastics sector can supply all manner of fabricated and injected plastic materials, including fiberglass that can be used by auto-parts manufacturers. Other products manufactured include, but are not limited to, body panels, interior fixtures, fuel tanks and weatherstripping.

Automotive Rubber Products: Indiana is the nation's leading producer of both molded and lathe-cut automotive rubber products. The state is also the leading producer of gaskets and sealing devices. Rubber automotive products include hoses, transmission seals and vibration insulation mounts.

Fabricated Metal and Precision Products: Indiana is a national leader in a variety of metal products consumed by the motor vehicle industry such as screw machine products, coil and leaf springs, drive shafts, fuel rails, and other hardware. More than 73% percent of all metal stamped auto parts come from facilities in Indiana, Ohio or Michigan. Indiana and its neighboring states also account for more than 44% of non-electrical engine components such as cylinders and cylinder linings, pistons, and rings. Other precision metal products manufactured in Indiana include bearings, bushings and gears.

Other Auto-Related Products:

- **Auto Textiles:** Indiana companies produce a wide range of textile products used in auto and auto component manufacture, including seat covers, tops and trim, and seat belts.
- **Heating and Air-Conditioning:** A major sector of this important Indiana industry produces equipment used in cars and trucks.
- **Glass Products:** Indiana is home to numerous firms that produce laminated, tempered and specialty glass products used in the motor vehicle industry.
- **Automotive Seating:** Indiana is a major producer of complete auto and truck seats as well as parts and equipment used in their production.

Buyers

The Midwest is still the center of U.S. automotive activity, with nearly 56% of total auto-industry employment (1998) residing in Indiana and neighboring states. This puts Indiana in the heart of the industry. Its numerous interstate highways also provide easy access and just-in-time delivery to all other points of the industry. This ranges from established regions in Missouri and Wisconsin to developing auto and auto-related facilities throughout the South.

Indiana also means more than just parts. Not only are finished cars and trucks rolling off Indiana assembly lines, but so are a large share of the nation's finished motor homes, semi truck trailers, school buses, travel trailers and the nation's newest niche market vehicle, the Hummer.

With 65% of the U.S. population and three major Canadian cities within a 625-mile radius, Indiana provides easy access to both the primary and secondary markets for auto products.



Exporting Excellence

Indiana's manufactured goods are in high demand in the global marketplace. Our companies produce high-quality products for a wide range of industries and are sought after to meet the needs of international customers.

Since the beginning of 1989, both Indiana and the United States have experienced strong export growth. In 2000, Indiana exported more than \$16 billion in goods to the world – an all-time high. Recent economic trends coupled with the events of September 11, 2001 caused a downturn in exports in late 2001, but despite that fact, Indiana exports have almost doubled in the past decade.

The top category of exports from Indiana in 2000 was Vehicles/Not Railway. The top destinations for Indiana exports in recent years have been Canada, Mexico, the United Kingdom and Japan.

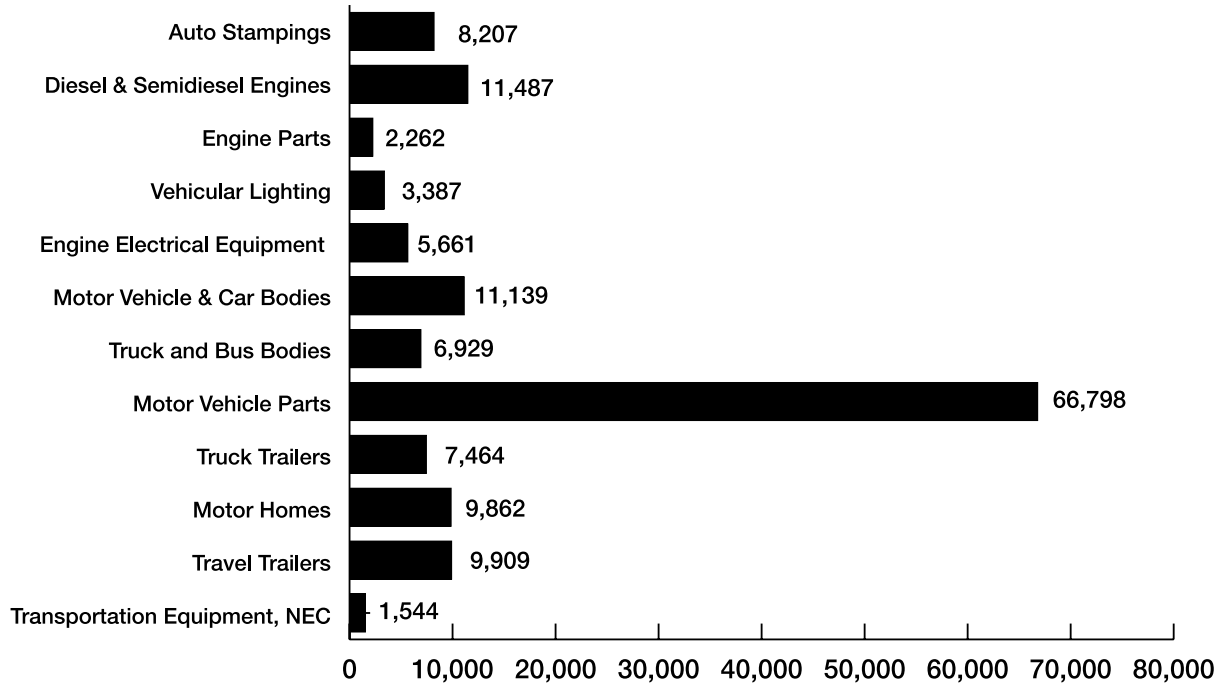
The Indiana Department of Commerce International Trade Division (ITD) helps Indiana companies expand into markets around the world through a network of 13 overseas offices. Those offices are located in Argentina, Brazil, Canada, Chile, China, Eastern Mediterranean Region, Europe, Japan, Korea, Mexico, South Africa, and Taiwan. Indiana is also represented by a liaison office in Singapore.

ITD recognizes that many Indiana companies, no matter how competitive or profitable, can use assistance in entering or expanding in the global marketplace. To help businesses access world markets, ITD provides on-site export counseling and market research, trade finance expertise, and trade show assistance.

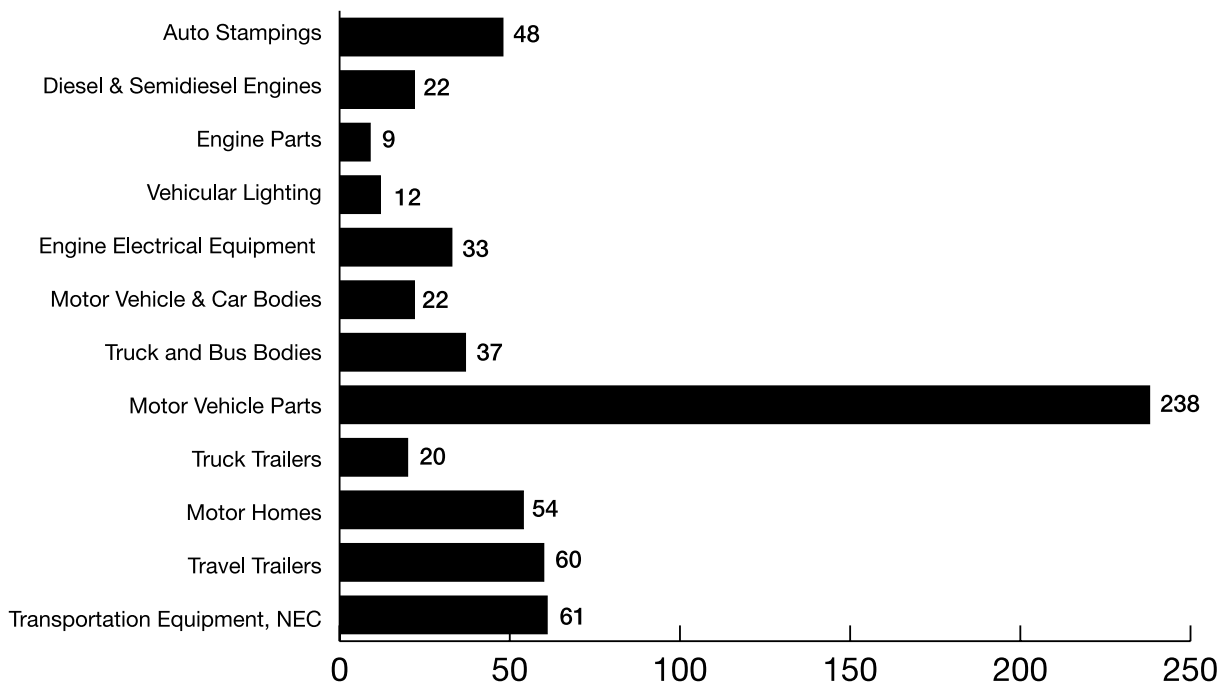
Industry Employment

In 2000, Indiana had 616 establishments that were producers of Motor Vehicles, Equipment and Related Products, with a combined employment of 144,649 workers. These workers, along with the graduates from Indiana's many nationally ranked universities, provide a pool of experienced personnel for future expansions in any automotive-related area.

Industry Employment, 2000 Annual Average



Industry Establishments, 2000 Annual Average



Source: Indiana Department of Workforce Development

Indiana's Manufacturing Workforce

Indiana offers an abundant and skilled workforce necessary for any business in the automotive industry to grow and prosper. Occupational employment figures can best illustrate the extent of this workforce. The largest occupational classes related to the automotive industry are included in the following table, with employment projections for 2005:

Year 2005 Projected Indiana Manufacturing Employment

Industrial-Related Engineers and Technicians	53,490
First-Line Supervisory Occupations	49,280
Inspection Occupations	21,200
Mechanics, Installers and Repairers (Industrial and Related Occupations)	71,160
Precision Production Occupations	54,320
Tool and Die Makers	9,410
Machinery Operators and Fabricators	161,730
Hand-Working Occupations and Assemblers	130,870
Commercial Truck and Material Moving Machinery Operators	116,500
Helpers, Laborers, and Hand Movers (no construction)	121,630

Source: Indiana Department of Workforce Development

Expanding and Training the Manufacturing Workforce

Indiana helps employers find and keep quality employees. Incumbent workers have access to the full range of technical training needed to hone or advance their skills. The workforce of the future, with access to superior academic, technical and applied job training, is prepared to meet the demands of our ever-growing automotive industry.

Tech-Prep

Indiana businesses and manufacturers benefit from high school Tech-Prep programs available through a state and federal partnership. Tech-Prep provides students with the essential academic and technical skills necessary for 21st-century careers. Through hands-on, applied instruction, students are able to make the connection between academic skills and job skills. Tech-Prep builds a strong bond among students, educators and businesses, which often leads to challenging careers for students and skilled workers for local businesses.

Awareness Programs

The Ford Academy for Manufacturing Sciences (FAMS) has created a program to develop awareness in students about careers in manufacturing. Created by curriculum specialists, it is designed to provide students an opportunity to explore careers related to engineering, business management, and the highly technical manufacturing environment. Each FAMS school site is supported by a Business Advisory Council that provides support for both students and teachers. The FAMS program provides students a "real world" view of manufacturing and career opportunities available to them. This program is currently being implemented at several schools throughout Indiana. For more information, visit <http://wwwu.ford.com/fams/info.htm>.

Industry Proficiencies and Certificates of Technical Achievement

Indiana's employers and professionals, in collaboration with the Indiana Department of Workforce Development (<http://www.in.gov/dwd/>), have established Certificates of Technical Achievement in eight major occupational areas: Advanced Manufacturing, Bioscience, Business Support, Electronics, Health, Metalworking, Plastics and Printing. The proficiencies are industry-based sets of skills required for workers to be competent in their respective fields. The Certificates of Technical Achievement are "open transcripts," updated as new skills are acquired throughout an individual's career, that confirm workers' skills to employers. Employers find the system useful in developing job descriptions, hiring new employees and assessing employee performance.

Skills 2016

In 2001, Governor Frank O'Bannon signed into law the most comprehensive workforce-training program in the state's history. Skills 2016 combines the resources of the Indiana departments of Commerce and Workforce Development and the State Student Assistance Commission of Indiana under one program, with one goal in mind: train Hoosier workers to meet the needs of the new economy. Skills 2016 includes the following programs:

Skills Enhancement Fund: The Indiana Department of Commerce awards Skills Enhancement Fund grants to Indiana companies that undertake capital-investment projects. The grants help defray the costs of training new and current employees in basic work skills and company-specific skills necessary to support the projects.

TECH Fund: The Technology Enhancement Certification for Hoosiers Fund is designed specifically to help workers gain new technology skills. The program will lead to the technology certification of thousands of workers each year.

Gain Education and Training: This grant assists in the development of employee transferable skills, which advance the employees' general value in the workforce.

Regional Skills Alliance: This program encourages collaborations between small- and medium-sized organizations to coordinate training. The program assists in the attainment of recognized skill credentials.

Skilled Trade Apprenticeships: These grants help Hoosier manufacturers train employees in industrial trade operations. Grants assist firms with training costs associated with apprenticeships and upgrading skills of journey persons.

Workforce Investment Now: The grant is designed to assist employees in gaining transferable skills. The grant is primarily used to assist companies that have recognized risk factors including seasonal layoffs and production reductions.

Community Development Block Grant: A portion of this federal block grant is dedicated to the Skills 2016 program to assist in the cost of training persons from low- to moderate-income families.

Training for the Individual Student: The grant program provides financial aid to individual students who are attending Indiana colleges, universities or technical assistance programs on a part-time basis. The grant is based on financial need and may be just one element of a total financial aid package.

ISO/QS 9000

Through its Quality Service (QS) program, the Indiana Business Modernization and Technology Corp. (BMT) helps Indiana businesses meet quality-improvement goals more effectively and efficiently. BMT's Quality Service Regional Directors, located in four regions of the state, provide statewide ISO/QS-9000 quality awareness education, implementation planning assistance, and networking opportunities. For more information, visit <http://www.bmtadvantage.org/>.

Fast PayBack Program™

To stay competitive, companies in a wide range of industries are adopting QS 9000 standards. To improve access to ISO/QS 9000 training, the Indiana Business Modernization and Technology Corp. (BMT) provides the Fast PayBack Program™ to groups of Indiana businesses. This program prepares companies for registration auditing in as few as 12 months. By serving multiple businesses together, the program reduces costs and promotes the sharing of ideas and solutions to common problems and situations. For more information, visit <http://www.bmtadvantage.org/>.

University-Based Training Assistance

With Indiana's long manufacturing history, the state's colleges and universities understand the educational and training needs of manufacturers. A wide variety of training options is available from Indiana's many institutions of higher learning.

Responding to demand, many of Indiana's state universities provide specialized training to business and industry. This is also true for the state's many private colleges and universities. In fact, local training opportunities are growing so rapidly that we suggest you contact the schools in your area for the latest developments.

Following is a small sample of educational and training programs, facilities, and other resources available to Indiana businesses.

Community College of Indiana

Created in 1999 to respond to the workforce needs of the state's business community, the college is uniquely different from other community college systems throughout the United States because it is a partnership between two existing institutions – Ivy Tech State College and Vincennes University. The new community college builds on Ivy Tech's strong technical foundation and on Vincennes' solid liberal-arts education. Indiana's community college allows students to earn an associate's degree or a certificate. The college offers non-degree, general education, continuing education and technical programs for individuals who do not want to seek a degree but who want to enhance their knowledge or improve their productivity in the workforce. For more information, visit <http://www.ccindiana.net/>.

Machine Trades Technology Program, Vincennes University

The Machine Trades Technology Program offers specialized training in building metal-stamping dies and injection molds for plastics. Vincennes' program is designed to train students to build injection molds that produce many plastic components and products used by today's consumer. The type and quality of equipment used in the machine trades lab are identical to what is used in the industry. The labs are equipped with traditional machine tools as well as the latest in computer-numerical-controlled equipment. The faculty has extensive teaching experience coupled with actual trade experience to ensure that students receive instruction in both theory and practical applications. For more information, visit <http://www.vinu.edu/factsheets.asp>.

The Resource Center, Purdue University-Calumet

With the support of private industry, the Resource Center provides customized, professional education and training programs to business, industry and individuals. Training is offered in such areas as computers, management skills, Total Quality Management, team building, problem solving, engineering, safety and healthcare. These customer-driven programs can be offered on or off campus and are available in either a credit or noncredit format. For more information, visit http://www.calumet.purdue.edu/public/resource_ctr/.

Ball State University Training Assistance

Ball State offers a number of programs for those engaged in new business development. The Midwest Entrepreneurial Education Center receives national recognition for its program and provides regular training opportunities for those in the field. In addition, the School of Continuing Education and Public Service offers several programs to provide training in areas needed for those building new businesses. The programs of the Center for Organizational Resources are designed to provide training in many technical fields. For more information, visit <http://www.bsu.edu/UP/cover.html>.

University of Indianapolis Manufacturing Technology Program

In 1999, the University of Indianapolis established a Manufacturing Technology degree program. Developed collaboratively with area business leaders and manufacturing support experts, the program offers a wide range of growth and technical skills to managers and employees alike.

Technical Solutions

Indiana manufacturing companies have access to an increasing range of networks, technology centers and programs that provide practical solutions and innovations to a full range of problems faced by today's manufacturers. The following offer just a sample of the support provided by both the public and private sectors.

The Manufacturing Technology Center at Indianapolis, Inc. (MTC-I)

This not-for-profit organization was established *for* the manufacturing industries *by* the manufacturing industries. It is the nation's most prolific MTC in terms of projects completed and variety of services offered, including technical assistance, process improvement or development, technical and management training, and new projects management. It helps bring customers and suppliers together and provides strategic contacts to local, regional, state and federal agencies. For more information, visit <http://www.mtci.org/>.

Indiana Microelectronics Center (IMC), Fort Wayne

The Center provides microelectronics design with emphasis on product development and fast time-to-market prototyping. IMC can rapidly apply a variety of technologies – such as Application Specific Integrated Circuits (ASIC), Field Programmable Gate Array (FPGA), and microprocessor-based applications – to existing or planned projects. These and other technologies help companies achieve the benefits of being first to the market, reducing costs, and increasing product reliability and performance. For more information, visit <http://serv1-r.fwi.com/imc/>.

Purdue Partnerships

Purdue University has a strong tradition of collaboration with industry. The university has established strategic partnerships with several large companies. Partnerships with smaller companies have also leveraged strengths and capabilities. Strategic Master Contracts have been established to facilitate project initiation and collaboration, and University Cost Centers have been developed to allow industry access to special Purdue facilities when they are available. Each cost center has an individual calculated fee.

Rose-Hulman Ventures (RHV)

RHV is more than an incubator facility; it can provide technology services and other assistance to established companies interested in creating a new product or service. Assistance is available not only in technical areas, but also in business planning, management development and searching for external financing. To help with financing, RHV also has its own venture capital fund supported by the Lilly Endowment. A staff of 20 full-time associates provides assistance. For more information, visit <http://www.rhventures.org/>.

Industrial Technology Advancement Center (ITAC)

This research, development and training facility is designed to define, develop and deploy the finest technologies through training. Sponsored by Indianapolis Power & Light (IPALCO), the Industrial Technology Advancement Center operates through partnerships with industry leaders. The center furnishes consulting resources to help companies improve their productivity and profitability. Its training facilities provide hands-on experience with the latest technologies. A strong emphasis is placed on technology transfer, including implementing equipment and obtaining financial assistance for its purchase. For more information, go to <http://www.mtci.org/ITAC>.

Naval Surface Warfare Center (NSWC), Crane Division, Technology Transfer Program

Crane is the premier product-engineering and industrial-application facility of the Navy. Crane can provide companies access to the latest advancements in manufacturing technologies, techniques and processes. Companies can consult with Crane scientists and engineers regarding technical problems and can access its testing, evaluation and prototype-development facilities. Up to 32 hours of assistance are available free of charge. For more information, visit http://www.crane.navy.mil/Corp/tech_transfer.htm.

Special Opportunity Zones

Operators of automotive facilities can benefit by operating in special opportunity zones located throughout the state and in every metropolitan area.

Enterprise Zones

There are 27 Enterprise Zones in Indiana, three of which are former military bases. They include 20 zones in the following cities: Anderson, Bedford, Bloomington, East Chicago, Connersville, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Jeffersonville, Kokomo, Lafayette, LaPorte, Marion, Michigan City, Mitchell, New Albany, Portage, Richmond, South Bend, Terre Haute and Vincennes. The former military bases are Grissom Aeroplex (formerly Grissom Air Force Base) in Miami County, Fort Harrison (formerly Fort Benjamin Harrison) in Marion County and the Indiana Army Ammunition Plant in Clark County. The Indiana Enterprise Zone Board oversees the Enterprise Zone program in each locality.

To stimulate reinvestment and create jobs within the zones, businesses located within an Enterprise Zone are eligible for certain tax benefits, including:

- State tax credit equal to 100% of property tax liability on inventory.
- Exemption from Indiana Gross Income Tax on the increase in receipts from the base year.
- State income tax credit (up to 30% of purchase price) for individuals purchasing an ownership interest in an Enterprise Zone business.
- State income tax credit on lender interest income (5%).
- State income tax credit based on wages paid to qualified employees. The credit is the lesser of 10% of the increase in wages paid over the base year, or \$1,500 per qualified employee.
- Personal income tax deduction to qualified employees equal to the lesser of 50% of their adjusted gross income or \$7,500.

Foreign Trade Zones

Indiana has eight Foreign (a.k.a. free) Trade Zones and several sub-zones. A company located within a Foreign Trade Zone does not pay duties or personal property taxes on goods stored within the zone. Foreign and domestic goods may enter a zone to be stored, processed, distributed, manufactured, assembled or exhibited. Benefits to companies located in a Foreign Trade Zone include the following:

- Production equipment is duty-free until actual production begins.
- Duty is deferred on imported goods admitted to the Zone.
- No U.S. duty is assessed when exporting goods from the Zone.
- Processing goods within the Zone can eliminate or lower tariffs.
- Duties can be avoided on defective or damaged goods by inspecting and testing imported goods within zone.
- Savings may be realized in transport insurance.
- Inventory stored in a Foreign Trade Zone is exempt from local property tax.

General-Purpose Zones

Burns International Harbor/Gary Airport
Clark Maritime Centre
Fort Wayne Airport
Indianapolis International Airport
Lawrenceville/Vincennes Airport
South Bend Airport
Southwind Maritime Centre
Evansville Municipal Airport

Special Sub-Zones

Sub-zones are, in essence, trade zones for individual companies. Indiana companies operating sub-zones include Alpine Electronics, Eli Lilly, Delco Electronics and Subaru-Isuzu, to mention only a few. To learn how to apply for a sub-zone, contact the Federal Foreign-Trade Zones (FTZ) Board at

<http://ia.ita.doc.gov/ftzpage/>.

Lower Business Costs Add to Your Bottom Line

Indiana is a cost-effective location for all sectors of manufacturing, especially when compared with neighboring states. A comparison of labor costs, including disability insurance and employer-paid unemployment insurance, proves Indiana's cost advantage.

Recurring Employment & Payroll Costs & Other Insurance Costs

Category: Auto or Truck Assembly	Indiana	Illinois	Michigan	Ohio
Average Annual Wage Per Employee (1999)	\$61,084	\$61,178	\$84,201	\$65,449
Estimated Annual Payroll (1000 employees)	\$61,084,000	\$61,178,000	\$84,201,000	\$65,449,000

Unemployment Insurance Costs				
Average UI Tax Rate Per Employee (2001)	\$84.00	\$198.00	\$237.50	\$135.00
UI Payroll Tax (1 Year)	\$84,000	\$198,000	\$237,500	\$135,000

Workers' Compensation Costs				
WC Rate Per \$100 Payroll Code 3808	\$2.29	\$6.77	\$6.47	\$6.13
WC Premium Annual (No Discount)	\$1,398,824	\$4,141,751	\$5,447,805	\$4,012,024

Total Estimate Recurring Costs				
Including Payroll, UI & WC	\$62,566,824	\$65,517,751	\$89,886,305	\$69,596,024

Category: Auto Stampings	Indiana	Illinois	Michigan	Ohio
Average Annual Wage Per Employee (1999)	\$41,704	\$50,848	\$51,974	\$48,073
Estimated Annual Payroll (200 employees)	\$8,340,800	\$10,169,600	\$10,394,800	\$9,614,600

Unemployment Insurance Costs				
Average UI Tax Rate Per Employee (2001)	\$84.00	\$198.00	\$237.50	\$135.00
UI Payroll Tax (1 Year)	\$16,800	\$39,600	\$47,500	\$27,000

Workers' Compensation Costs				
WC Rate Per \$100 Payroll Code 3400	\$3.48	\$6.13	\$8.12	\$5.60
WC Premium Annual (No Discount)	\$290,260	\$623,396	\$844,058	\$538,418

Total Estimate Recurring Costs				
Including Payroll, UI & WC	\$8,647,860	\$10,832,596	\$11,286,358	\$10,180,018

Sources: U.S. Bureau of Labor Statistics, U.S. Department of Labor (Division of Actuarial Services), National Council on Compensation Insurance (NCCI)

Note: These tables are for comparison purposes only. Actual costs will vary. WC rates do not allow for adjustments such as mod rates, premium discounts or any special state discount. Rates will be adjusted according to company

Low Workers' Compensation Costs

The best method for reducing workers' compensation is preventing accidents. Several states, including Indiana, now allow nonrisk-based discounts implemented on a variety of factors including, but not limited to: on-site medical facilities, safety devices, training and management safety organizations. While other states limit their total discount to 25%, Indiana will allow a maximum discount of *up to 50%*.

Indiana also allows businesses to shop for the best workers' compensation rates among various insurance companies. For this to be financially beneficial to employers, however, there needs to be substantial competition. There are *652 different* insurance companies offering workers' compensation coverage in Indiana. Not only is that one of the highest totals in the nation, but new insurance carriers are coming to Indiana in record numbers. This competitive market is just one of the reasons Indiana companies often enjoy better rates and service than their out-of-state competitors.

Category: Motor Vehicle Parts & Accessories	Indiana	Illinois	Michigan	Ohio
Average Annual Wage Per Employee (1999)	\$52,135	\$34,966	\$61,022	\$49,162
Estimated Annual Payroll (100 employees)	\$5,213,500	\$3,496,600	\$6,102,200	\$4,916,200
Unemployment Insurance Costs				
Average UI Tax Rate Per Employee (2001)	\$84.00	\$198.00	\$237.50	\$135.00
UI Payroll Tax (1 Year)	\$8,400	\$19,800	\$23,750	\$13,500
Workers' Compensation Costs				
WC Rate Per \$100 Payroll Code 3632	\$2.48	\$5.74	\$5.78	\$5.15
WC Premium Annual (No Discount)	\$129,295	\$200,705	\$352,707	\$253,184
Total Estimate Recurring Costs				
Including Payroll, UI & WC	\$5,351,195	\$3,717,105	\$6,478,657	\$5,182,884

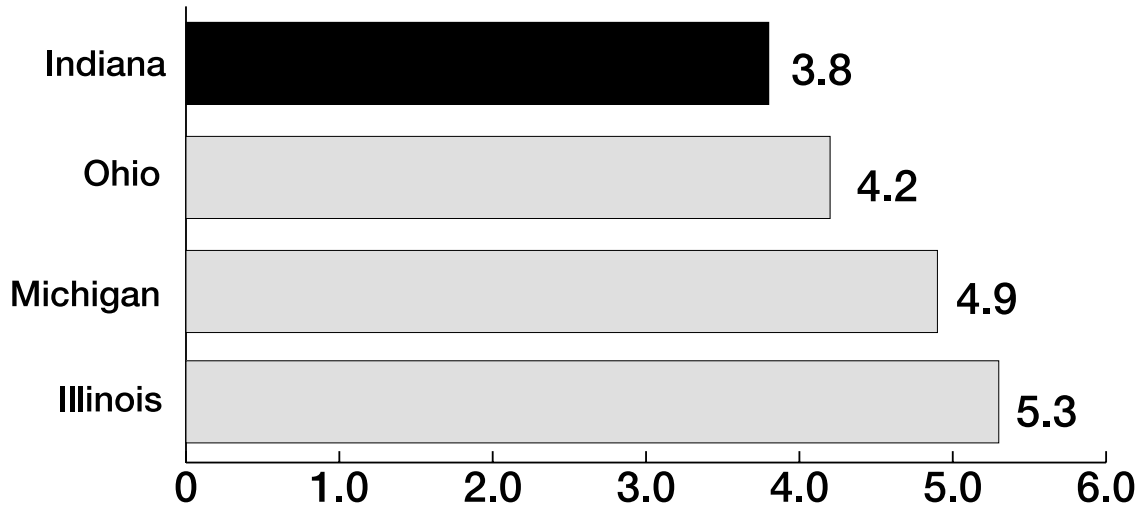
Sources: U.S. Bureau of Labor Statistics, U.S. Department of Labor (Division of Actuarial Services), National Council on Compensation Insurance (NCCI)

Note: These tables are for comparison purposes only. Actual costs will vary. WC rates do not allow for adjustments such as mod rates, premium discounts or any special state discount. Rates will be adjusted according to company employment history.

Affordable, Reliable Energy

Energy consumption continues to be a major component of any business' total operating budget. Indiana offers the ninth-lowest electricity costs and the sixth-lowest energy prices in the nation. As the following chart shows, Indiana offers the lowest industrial sector energy costs in the Midwest.

Average Price of Energy: Industrial Sector Electric Rates, 2000 (Cents/kWh)



Source: Energy Information Administration; Indiana Department of Commerce, Energy Policy Division

Utilities in Indiana work in a variety of ways with new and existing Indiana companies to improve their profitability. They provide innovations such as incentive rates, demand-side management programs, and consultation on equipment selection and technology. In Indiana, utilities team with the State to do what it takes to help companies grow and thrive. Indiana's utilities are dedicated to forging vital relationships with their customers.

The Energy Policy Division (EPD) of the Indiana Department of Commerce promotes economic development by encouraging the responsible use of natural resources and assisting corporate and private citizens in increasing their energy efficiency. The grant and loan programs offered by EPD include:

- The Alternative Power & Energy Grant Program enables Indiana businesses, non-profit institutions and units of local government to install and study alternative and renewable energy system applications in areas such as power generation, heating and cooling.
- The Recycling Promotion and Assistance Fund (RPAF) provides zero-interest loans to Indiana businesses that process recyclable materials into a manufacturing feedstock or that manufacture products from these feedstocks.
- The RPAF Attraction/Expansion for Priority Materials offers loans up to \$1 million to large, successful recycled-content product or feedstock manufacturers that use priority recyclable materials.
- The Three R's (Reduction, Reuse and Recycling) Assessment grant helps manufacturing and commercial businesses assess their facilities' source reduction, recycling, reuse and/or use of recycled-content materials.
- The Industrial Energy Efficiency Fund offers zero-interest loans to help Indiana businesses increase the energy efficiency of their manufacturing processes.

For more information about any of EPD's programs, call 317.232.8940 or visit the Web site <http://www.indianacommerce.com/>.

For More Indiana Information

State Information Center

<http://www.in.gov/ai/gov/agencycomplete.html>

One-stop resource for information about more than 70 state agencies.

In state: 800-45-STATE; TTY 800-743-3333

Out of state: 317-233-0800

Indiana Department of Commerce

www.indianacommerce.com

Offers assistance to businesses that are relocating, expanding or growing in Indiana.

Business Development Division: 800-463-8081 or 317-232-8888

Community Development Division: 317-232-8911

Energy Policy Division: 317-232-8940

International Trade Division: 317-233-3762

e-Commerce Division: 317-232-4768

Tourism and Film Development: 317-232-8860

Indiana Development Finance Authority

<http://www.in.gov.idfa/>

Helps Indiana companies obtain financial assistance through loan guaranty programs, tax-exempt private activity bonds for industrial development and flexible lending through credit-enhancement programs.

317-233-4332

Indiana Department of Workforce Development

<http://www.dwd.state.in.us/>

Works with business, labor and educators to build state-of-the-art education and training systems to develop Indiana's workforce.

800-437-9136 or 317-232-7436

Indiana Department of Environmental Management

<http://www.state.in.us/idem>

Monitors and enforces environmental regulations for the State of Indiana, offering confidential compliance and technical assistance. IDEM also works with industry on issues ranging from compliance and permits to pollution prevention.

Main switchboard: 800-451-6027 or 317-232-8603 and press "0"

Business Liaison: 800-451-6027, press "0" and ask for ext. 2-8589, or 317-232-8589

Indiana Department of Labor

<http://www.state.in.us/labor>

Monitors compliance with occupational health and safety requirements, overseeing Indiana's wage, hour and child-labor laws as well as safety. The department also offers businesses free, on-site safety and health consultations through the Bureau of Safety Education and Training.

317-232-2655

Indiana Occupational Safety and Health Administration (IOSHA)

<http://www.osha.gov/>

Monitors compliance with occupational health and safety requirements.

317-232-2693

Secretary of State—Corporations Division

<http://www.in.gov/sos>

Works with entities that want to incorporate in Indiana.

317-232-6576

Indiana Department of Revenue

<http://www.in.us/dor>

Indiana state tax information.

Withholding Division: 317-233-4016

Sales Tax Division: 317-233-4015

Corporate Tax Division: 317-615-2662

State Board of Tax Commissioners

<http://www.in.gov/taxcomm>

Administers the assessment of property taxes in Indiana.

317-232-3777

Workers' Compensation Board

<http://www.in.gov/wkcomp>

Answers questions regarding private insurance coverage for workers' compensation.

800-824-2667 or 317-233-3910

Indiana Port Commission

<http://www.portsofindiana.com/>

Facilitates industrial development at each of Indiana's three international ports and develops new relationships with shippers and carriers throughout the world to assist Indiana's port users.

317-232-9200

Indiana Business Modernization and Technology Corporation

www.bmtadvantage.org

Provides assistance for Indiana companies planning to update operations.

317-635-3058

Indiana Small Business Development Corporation

<http://www.isbdcorp.org/>

Assists businesses by offering conferences and counseling. The agency also identifies contracting opportunities with the government, assists growth-oriented companies in approaching new market opportunities, and serves as a statewide advocate for women- and minority-owned businesses.

317-264-2820

Small Business Development Center

www.sbdcbiz.com

Provides one-on-one consultations to analyze businesses and their needs, define opportunities, and help develop a plan to achieve business goals.

317-264-2820